## REMARKS

After entry of the foregoing amendment, claims 3, 5 and 8-24 are pending in the application.

By the Examiner's renewed requirement that claims 6-7 be canceled, applicants understand that the earlier restriction requirement has been made "final." (The Examiner is requested to clarify if this understanding is not correct.) Accordingly, these claims have been canceled, without prejudice.

Claim 21 has likewise been canceled, as relating to non-elected claim 6.

The allowance of claims 10-18, and the indication of allowable subject matter in claims 19, 20 and 22, is noted with appreciation.

Claim 3 stands rejected as anticipated by Rhoads (5,841,886, with particular reference to col. 6, lines 58-63, and col. 7, lines 36-38 and 41-46). The rejection is respectfully traversed.

At the cited passage at col. 6, lines 58-63 (which refers to Fig. 6), Rhoads states:

> *The photo ID document includes a photograph 1010 that is attached to the document 1000. Printed, human-readable information 1012 is incorporated in the document 1000, adjacent to the photograph 1010. Machine readable information, such as that known as "bar code" may also be included adjacent to the photograph.*

The "printed, human-readable information 1012" depicted in Fig. 6 is, indeed, "text" (e.g., name and address), as required by the claim. (Photograph 1010 is not disclosed – nor is it illustrated - as including any text.)

The rejection begins to fail when it comes to "recognizing." In support of the limitation "recognizing at least some of said depicted text," the Action cites col. 7, lines 37-38. However, this excerpt states:

> *It will be appreciated that the identification code can be extracted from the photo*

First, the photo (1010) does not have any text. The identification code encoded in the photo is distinct from the text (1012) printed adjacent the photo (i.e., the text

identified in support of the first claim limitation). Thus, col. 7, lines 37-38 does not teach recognizing of the "text" identified in the first claim clause.

Moreover, the data encoded in the photo is not necessarily the same as the text (1012) that Rhoads shows as printed adjacent the photo. For example, the information may be different because the photo (1010) has been swapped, or because the printed text (1012) has been altered.

Still further, Rhoads does not teach an arrangement in which a watermark is encoded in an image that includes a depiction of text. The cited passage at col. 7, line 36, states:

*the photograph includes a composite, embedded code signal, imperceptible to a viewer, but carrying an N-bit identification code.*

Again, Rhoads' photograph 1010 does not include a depiction of text. An "embedded code signal, imperceptible to a viewer" is not a depiction of text. So the encoding of a watermark in Rhoads' photograph 1010 is not the encoding of a watermark in an "image including a depiction of text." (Moreover, if the embedded code signal were (incorrectly) regarded as text, then Rhoads fails to teach "encoding a watermark in said image" – the image *already* includes a watermark, *i.e.*, the embedded code signal).

Accordingly, Rhoads does not teach the method of claim 3.

Due to the shortcomings of Rhoads in connection of claim 3, the obviousness rejections of claims 5 and 8-9, based on Rhoads and other art, likewise fail.

New claim 23 and 24 have been added to further protect applicant's inventive work.

Regarding the statement of reasons for allowance of claims 10-18, Applicant respectfully submits that the allowability of the claims does not hinge on isolated elements thereof, as might be inferred from the stated reasons. Rather, the claims are believed patentable because, when viewed as a whole, they define combinations that are neither anticipated by, nor obvious over, the prior art.

Favorable reconsideration and passage to issuance are solicited.

Date: October 15, 2004
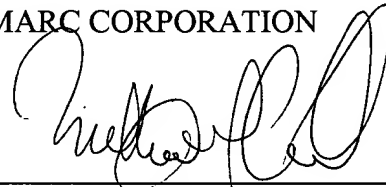
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Respectfully submitted,

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